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SUBJECT: CHILE: 2005 COUNTRY REPORT ON TERRORISM

REF: STATE 193439

¶1. Below is the 2005 Country Report on Terrorism for Chile. Embassy point of contact is Stephanie Acosta-Mikulasek (acostasm@state.gov; mikulaseks@state.gov; 56-2-330-3394).

GENERAL ASSESSMENT

¶2. The Government of Chile generally supports U.S. counterterrorism efforts. They have taken an active interest in the potential activities of Islamic extremists connected to the Tri-border area of Argentina, Brazil, and Paraguay and their links to the Free Trade Zone in Iquique, Chile. Chile also continued its support of U.S. counterterrorism efforts in various international forums, including serving as chair of the UN's al-Qaida and Taliban sanctions committee last year. Chile hosted the Third Ministerial Conference of the Community of Democracies in 2005, at which then-Minister of Interior Jose Insulza emphasized the importance of security as part of democracy building. Chile is a signatory to the Asuncion Declaration of 2003, and President Lagos has joined other South American leaders in condemning terrorism and drug trafficking. This declaration also expressed solidarity with Colombia in its domestic fight against terrorism.

¶3. The money-laundering statute enacted by the Chilean Congress in December 2003, law 19.913, includes terrorist financing. With this law, the government's ability to freeze and seize assets was expanded, although the new provisions have yet to be applied in a criminal case. It remains unclear how the statute will operate in practice or how swiftly Chile will be able to take action against identified terrorist assets. This same legislation created a Financial Intelligence Unit ("Unidad de Analisis Financiero" or UAF) to investigate suspicious transactions reported by private financial institutions. However, the Constitutional Tribunal ruled some of the UAF provisions to be unconstitutional, which led to the launch of a heavily handicapped UAF in April ¶2004. Slow efforts are underway to amend the laws within the bounds of the Constitution so that the UAF would have more investigative authority.

¶4. While Chile officially condemns terrorism and terrorist organizations, there is evidence of some private support among small groups in Chile for terrorist organizations such as Hizballah, anti-U.S. Islamist groups, FARC and anti-U.S. Bolivarian groups.

¶5. The current extradition treaty between Chile and the U.S. is more than 100 years old. The U.S. and Chile continue to have exploratory meetings to update the treaty, but progress has been slow. Meanwhile, Chile has not been responsive to extradition requests made by the Department of Justice. In 2005, only one expulsion case was successfully concluded from Chile to the U.S. In addition, Chile's extradition requests

from its neighbors have been equally unsuccessful. For example, Argentina recently denied Chile's extradition request of Patriotic Front leader Galvarino Apablaza Guerra, one of the key perpetrators of the 1993 "softball" bombing.

SANCTUARY ASSESSMENT

¶16. No declared acts of terrorism occurred in Chile in 2005. Officials appear to be informed of potential terrorist sympathizers residing in Chile. Chilean action to eliminate terrorist sanctuary has been incremental and in accordance with their judicial proceedings. Chile's cooperation with the U.S. is dependent on the particular individual or entity, and largely depends on the legal basis of the case. The government pays relatively little attention to the issue of weapons of mass destruction.

TERRORIST GROUPS

¶17. The Chilean government has offered no formal support to known or suspected terrorist organizations or individuals. However, because Chile does not officially recognize Iran's Hizballah as a terrorist organization, Hizballah is permitted to function as a charitable organization in northern Chile.

FOREIGN GOVERNMENT COOPERATION

¶18. Chilean law enforcement agencies were consistently cooperative in investigating cases linked to international terrorism. In the past, all investigations had to be directly related to prosecutable criminal offenses. However, new legislation passed in 2005 allows intelligence-gathering to occur outside of the context of a specific case. The plainclothes investigative police ("Policia Investigaciones de Chile" or PICH) continued to investigate several terrorism cases, but no prosecutions were developed. Chile's National Intelligence Agency ("Agencia Nacional Inteligencia" or ANI), established in October 2004, is an analytical body, largely reliant on PICH and the uniformed police, "Carabineros," for operations. By law, the Chilean military is prohibited from actively seeking terrorist intelligence information and must submit any information it obtains to ANI.

¶19. The U.S. continued to support capacity-building in 2005. Personnel from PICH, Carabineros and ANI received counterterrorism training, equipment and even funding to improve their capabilities to combat terrorism and coordinate with U.S. law enforcement and intelligence agencies. In May 2005, approximately 70 Chilean judges received training on intellectual property rights (IPR) and the link between IPR violations and possible money laundering schemes. Chile's designated counterterrorist reaction force "GOPE" (Grupo Operacion de Policia Especial), an approximately 450 person, nationwide unit of the Carabineros, received some USG-funded operational training, but continues to grapple with limited resources.

¶10. In 2005, Chile took active measures to combat terrorist activity regionally. The Carabineros sent a modest force to assist the Argentinean security services during the Summit of the Americas held in Mar del Plata, Argentina. Combined U.S. and Chilean counter-surveillance and observer teams were present throughout the Community of Democracies Ministerial held in Santiago.

¶11. Chile is a party to all of the 12 international conventions and protocols relating to terrorism.

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